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India-EU Relations: From FTA to Strategic Partnership — The Republic Day 2026 Invitation

13 January 2026

SUBJECTS COVERED**IR****ECONOMY****CURATED & WRITTEN BY****Bharat Choudhary**

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WHY IN NEWS

India's invitation to the European Union as collective Chief Guest for the 77th Republic Day (January 26, 2026) — the first time a bloc rather than a single nation received this honour — came alongside accelerated negotiations for the India-EU Free Trade Agreement and the 16th India-EU Summit. The decision signals a strategic recalibration in India's European engagement at a moment when the EU is itself repositioning toward greater strategic autonomy.

INDIA-EU RELATIONS: AN OVERVIEW

The **India-European Union relationship** has historically been described as underperforming its potential. India and the EU have the structural foundations of a deep partnership — a shared commitment to democratic governance, rule-based international order, and an increasingly convergent view of China's behaviour in the Indo-Pacific — but the relationship has long been overshadowed by more immediate partnerships (India-US, India-Russia, India-Gulf) and by the EU's own internal complexity as a bloc.

The EU is India's **single largest trading partner** as a bloc (US leads as a single country), with bilateral trade at approximately **€120 billion** per year in goods and services. The EU is also India's **largest source of Foreign Direct Investment** — accounting for approximately 13-18% of total FDI inflows into India over the past decade, through companies from Germany, Netherlands, France, and others.

THE INDIA-EU FREE TRADE AGREEMENT (FTA)

A Long-Stalled Negotiation

India and the EU launched FTA negotiations in 2007. The talks **collapsed in 2013** after 16 rounds of negotiations, primarily over:

- Indian insistence on **Mode 4 liberalisation** (movement of skilled professionals — IT services, healthcare workers)

- EU demands for **stronger Intellectual Property Rights (IPR)** protections (particularly pharmaceutical patents — India's generic drug industry opposed TRIPS-Plus measures)

EU demands on **procurement market access** (India protects government procurement for domestic companies)

Disagreement on **sustainable development chapter** standards (labour, environment)

Resumption in 2022

FTA negotiations **resumed in June 2022** during PM Modi's visit to EU institutions in Brussels. The new negotiation covers three parallel tracks:

India-EU FTA — goods and services

India-EU Investment Protection Agreement (IPA)

India-EU Geographical Indications (GI) Agreement — protecting Darjeeling tea, Basmati rice, and Indian handicrafts in EU markets; protecting Champagne, Parma ham, and Roquefort cheese in India

Why 2022 was different: Russia's invasion of Ukraine in February 2022 changed EU strategic calculations fundamentally. The EU recognised it needed to diversify supply chains and reduce dependence on adversarial powers. India — with its scale, democratic governance, and industrial capacity — suddenly appeared more valuable as a supply chain partner. India's refusal to condemn Russia at the UN was a complication, but the EU prioritised the economic relationship.

Status of Negotiations (January 2026)

The India-EU FTA was reported to be in its final stages by December 2025, with the Republic Day visit and 16th India-EU Summit providing a diplomatic deadline and political momentum. Key remaining issues:

Automotive tariffs: India's 60-100% tariff on imported EU automobiles; EU demanding substantial reduction; India protecting domestic EV manufacturers

Wine and spirits: EU demanding reduction in India's 150% tariff on wine and whisky

Dairy: EU demanding market access for European dairy; India resistant (protecting 80 million dairy farmers)

IPR chapters: Progress on balancing pharmaceutical IP with India's generics industry

THE REPUBLIC DAY CHIEF GUEST TRADITION

Republic Day (January 26) marks the adoption of India's Constitution (1950). The **Chief Guest** tradition — inviting a foreign head of state or government — began from the first Republic Day, when Indonesian President Sukarno was India's inaugural Chief Guest in 1950.

Past Chief Guests — Selected:

Year	Chief Guest	Country	Strategic Significance
2024	Emmanuel Macron	France	India-France Horizon 2047 strategic partnership
2023	Abdel Fattah el-Sisi	Egypt	India-Egypt Strategic Partnership
2020	Jair Bolsonaro	Brazil	India-Brazil defence + trade
2015	Barack Obama	USA	India-US strategic partnership deepening
2010	Lee Myung-bak	South Korea	India-Korea CEPA anniversary

2026 — EU as collective Chief Guest: The precedent-setting invitation to the EU (represented by both Antonio Costa, European Council President, and Ursula von der Leyen, European Commission President) reflects India’s recognition of the EU as an institutional partner rather than merely the sum of its member states.

THE INDIA-EU SECURITY AND DEFENCE PARTNERSHIP

Alongside the FTA, the 16th India-EU Summit resulted in the **India-EU Security and Defence Partnership** — the EU’s third bilateral defence partnership in Asia after Japan and South Korea.

Key areas of cooperation:

- Maritime security in the Indian Ocean and Indo-Pacific (EU’s Coordinated Maritime Presences initiative)

- Cybersecurity and hybrid threats

- Space security cooperation (EU-India Galileo/NavIC interoperability)

- Defence industry collaboration (under EU’s European Defence Fund + India’s iDEX initiative)

Significance: The EU has traditionally been a civilian power — avoiding hard security commitments. Its willingness to sign a defence partnership with India signals the EU’s post-Ukraine strategic awakening and the convergence of India-EU threat perceptions regarding an assertive China.

UPSC RELEVANCE

Prelims:

- India-EU FTA: negotiations launched 2007; collapsed 2013; resumed June 2022; three tracks (FTA + IPA + GI Agreement)

- India-EU trade: ~€120 billion; EU is India’s largest trading partner as a bloc

- Republic Day first Chief Guest: Indonesian President Sukarno (1950)

EU leaders at Republic Day 2026: Antonio Costa (European Council) + Ursula von der Leyen (European Commission)

16th India-EU Summit: January 27, 2026, New Delhi

India-EU Security and Defence Partnership: EU's 3rd in Asia (after Japan and South Korea)

Mains GS-2: India-EU FTA — strategic rationale and contested areas; Republic Day Chief Guest as diplomatic signal; India's multi-alignment; EU strategic autonomy post-Ukraine.

★ FACTS CORNER — KNOWLEDGEPEDIA

INDIA-EU TRADE:

- Bilateral trade: ~€120 billion/year (goods + services)
- EU as bloc: India's largest trading partner
- As single country: USA is India's largest trading partner
- EU FDI to India: ~13-18% of total FDI inflows

INDIA-EU FTA HISTORY:

- Negotiations launched: 2007
- Collapsed: 2013 (after 16 rounds)
- Key disputes: Mode 4 (services/professional movement), IPR (pharma), procurement, sustainability
- Resumed: June 2022 (PM Modi visit to Brussels)
- Three tracks: FTA + Investment Protection Agreement + GI Agreement

REPUBLIC DAY CHIEF GUEST:

- First: Sukarno (Indonesia, 1950)
- 2026: EU (first bloc; Antonio Costa + Ursula von der Leyen)
- 2024: Emmanuel Macron (France)
- 2023: Abdel Fattah el-Sisi (Egypt)

EU LEADERSHIP STRUCTURE:

- European Council President: Antonio Costa (since Dec 2024)
- European Commission President: Ursula von der Leyen (re-appointed Dec 2024)
- High Representative for Foreign Affairs: Kaja Kallas

INDIA-EU SECURITY AND DEFENCE PARTNERSHIP (2026):

- 3rd such EU partnership in Asia (after Japan and South Korea)
- Areas: maritime security, cybersecurity, space (Galileo/NavIC), defence industry

OTHER RELEVANT FACTS:

- Galileo: EU's satellite navigation system (equivalent to GPS); India's NavIC interoperability being developed
- iDEX: Innovations for Defence Excellence; India's defence startup accelerator
- Mode 4 (WTO/GATS): Movement of natural persons across borders for services
- TRIPS-Plus: measures beyond WTO TRIPS Agreement; EU demands; India resists for generic pharma

Sources: MEA, European Commission, PIB

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